

# **The Stock Market, Retirement Accounts and Gamblers Anonymous**

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## **The stock market, retirement accounts and Gamblers Anonymous**

Gamblers Anonymous does not advocate involvement in the stock market. On page 17 of the combo book it states "don't gamble for anything, this includes the stock market..." Many of our members, new and old, are confused about that statement, especially in view of the fact that Gamblers Anonymous views retirement plans as acceptable for Gamblers Anonymous members. This question and answer format should clarify that statement and aid in your recovery. This material is designed to work in unison with the advice given in your Pressure Relief Meeting.

Compulsive gamblers in recovery need to abstain from all forms of gambling. Their recovery must be reinforced with total honesty and abstinence, whether they gambled on sports, casinos, lotteries, racetracks, on the Internet, the stock market, or any other form. Total abstinence is essential for starting the recovery process.

The stock market represents a very powerful source of feeding into the wealth schemes of compulsive gamblers. Investments in stocks and a host of other investment vehicles, can all promise very substantial gains, based on a number of variables happening. Stories of people taking small sums of money and making them into large sums, can be found everywhere. The compulsive gambler always thinks that he/she can make better decisions on betting or wagering than anyone else. Compulsive gamblers in the stock market, take those ideas and turn them into obsessions. It is "break the bank" mentality at work and if allowed to continue, will only bring disastrous results.

The stock market and its global footprint, offers investors 10s of thousands of opportunities to bet, almost on a 24-hour basis, every business day of the year. Adding to

the amount of betting situations, there are numerous strategies that can increase these numbers of opportunities to an almost endless number.

Unlike other gambling situations that wait for the outcome of a specific event to make it a winning or losing result, trades in the stock market can take days, weeks or months to ascertain if the situation is a winner or loser. For the compulsive gambler, each stock acts as a siphon for both the member's money and sensibility. The member's family seldom has any idea of how out of control these trades are and the increasing financial liability they represent.

There is no amount money, or profits large enough to satisfy the hunger for action with a compulsive gambler. Winning trades will naturally give the compulsive gambler a feeling of power and no doubt increase the amount of money used for each transaction, virtually assuring that the monies will not be sufficient to support the betting when the winning trades turn into losing ones. This can create the need for even more money with which to gamble. Compulsive gamblers do not have the will power or discipline to handle their own investments. Recovery cannot take place if the "action" component is being fed by the compulsive gambler's behavior in the stock market.

### **Can I own stock and not be considered gambling by Gamblers Anonymous?**

Yes, a member of Gamblers Anonymous can own stock, as long as he/she does not trade said stock, but control must be given to someone else. There are many ways that a Gamblers Anonymous member can come into ownership of stock, i.e. retirement, pension, 401(k), inheritance, to name a few. In the Gamblers Anonymous program, stock purchased by the compulsive gambler after

entering the program is considered gambling. Some people come in to the program with a trust fund, but the underlying theme is that control is under the care and management of someone other than the compulsive gambler. It is suggested that you let someone who you trust, your spouse, partner, a relative or financial planner, handle the decisions surrounding these stocks.

The stocks you own should be retirement monies for the family, with the control of the assets placed with someone else, thereby restricting if not eliminating possible access by the compulsive gambler. The member's pressure group committee should also agree that the assets are not needed elsewhere.

### **What are the dangers I face with investments being a compulsive gambler?**

There are many pitfalls for a compulsive gambler regarding investments. Some of them are as follows:

- The compulsive gambler may be clouded and deceived into thinking that he/she is really investing, not gambling.
- Frustration or disappointment can surface if an investment vehicle does not perform as expected.
- Getting involved in "get rich quick schemes" and their promised unrealistic returns.
- The anticipation and seeking of ways to increase the value of your excess cash being no different than the action of making "traditional" bets.
- Frequent checking of how the securities are performing via the newspaper, TV or any medium.
- Creating an environment that fuels the feeling of being in "action".

When it comes to the stock market we, as compulsive gamblers, would be facing the same dangers that brought us into the program. If you already own stocks and have given

up control to someone else and/or have excess monies available for investment, this issue should be addressed by your Pressure Relief Group Committee and should continually be addressed throughout your recovery.

Access to the assets is a key component. All compulsive gamblers need to remove this aspect from any retirement-based investment. It is important that all these assets be put into the hands of a spouse, relative or professional money-manager, who has full knowledge of the compulsive gambler's status in the program.

Do not test or tempt yourself when it comes to deciding what to do with any excess cash. Eliminate the danger. Let go of the control. We discourage members from reviewing sports scores, following lottery numbers or reading the racing form. The same holds true for following stock prices. Everything must be done to try and eliminate the feeling of "action" on the part of the compulsive gambler.

### **Am I able to have a retirement plan?**

Retirement plans are acceptable and not considered gambling as long as sufficient safeguards are in place. It is important that you should not be involved in the investing, buying or selling. Self-directed retirement plans would still be considered as gambling. Our Program tells us we can have a better life working the Gamblers Anonymous Program. Having a retirement plan is part of this better life we work towards. The only difference is that as a compulsive gambler, we must understand we cannot handle this ourselves and we need to turn it over to a financial planner and/or spouse. There must be a distinct separation between the compulsive gambler and the assets. Only then do we have a chance to provide long-term capital growth for retirement.

Gamblers Anonymous does not wish to take away anything from the Gamblers Anonymous member or their family. Your employer may have a firm that will manage your plan. These controls are meant to keep the compulsive gambler from getting the "rush" from looking in the papers or television for the prices of the investments on a daily basis.

### **What does trading in the stock market mean?**

Trading in the stock market represents buying and/or selling, on a regular basis. Those who choose to buy and hold stocks for the long term without consideration of the daily ups and downs in the market are called investors.

Margin accounts and those investments that are leveraged, are generally the signature of a trader in the markets. These categories allow the trader to be involved in stock market trades that are not fully paid for. In this instance, a loan is created by the brokerage firms with the securities acting as collateral. This leverage creates a false sense of security and can lead to trading on a more active basis, involving larger amounts of money, which only makes matters worse for compulsive gamblers.

Many participants in the stock market do both buy and sell transactions over a very short span of time, sometimes just a few days or even hours. For the compulsive gambler, this is one of the worst environments. It naturally feeds the need for "action". Many times when a stock trade goes against the anticipated direction of the trade, the compulsive gambler will refuse to accept the loss and continue to put more money into an already losing position. This can cause the potential for still greater losses without the thought of what may be the financial or emotional toll for him/her and the family.

**I invest for the long term and don't trade actively. Is this acceptable?**

It is not about how often you trade, but that Gamblers Anonymous members should not be involved in any trading at all. A member should not be trading in the stock market, long or short term.

Having investments for the long term are appropriate for the compulsive gambler, as long as some minimum criteria are met. First, your investments should only be retirement-based. Second, a Pressure Relief Group Meeting or Re-evaluation Meeting must take place. Third, your spouse, relative or friend should have the investments under their control and the account should be managed by a professional, so that the decisions are not made by the compulsive gambler. If you are invested in retirement programs that require payroll deductions, consult your Pressure Group Committee to see that your budget can support these contributions.

**What should I do about stock market investments I already have?**

Any member of Gamblers Anonymous who actively trades stocks and/or is solely in control of the buying and selling of his/her stocks is engaged in gambling. However, Gamblers Anonymous members who owned stock prior to becoming a member, receive stock via inheritance, own IRAs, 401(k)s, ESOPs etc., should place control of these accounts, including the decisions to buy and sell, in the hands of a spouse, friend, relative and/or professional money manager and not be engaged in gambling.

Members of Gamblers Anonymous should participate in a Pressure Relief Group Meeting, which will be scheduled for you and your spouse, if married. During this meeting, complete and total disclosure of all investments is

imperative. This committee will evaluate the status of your finances and make suggestions that will aid in determining your course of action with your current stock investments. Involvement in the stock market is not suggested, unless the assets are in a retirement account. Control of this must be given to someone else and not be the cause of any anxiety due to the ups and downs of the stock market.

The key ingredient is that control is taken away from the Gamblers Anonymous member. The person given control should be fully aware of our recovery program and the member's circumstances. Whether the Gamblers Anonymous member is in program for 30 days or 30 years, it makes no difference, about turning the investments they already have over to their spouse, family relative or professional financial planner. What this person does, keeps it or sells it, will be done with the best interest of the family in mind. The compulsive gambler should not be involved in any of the decisions about what is done with the investments or any excess monies.

### **Should I give control of my investments to someone else?**

Turning over control of your investments to a spouse, relative or professional financial planner is an important step towards recovery. Investments should be handled the same as a paycheck; turn it over. It removes the temptation and we, as compulsive gamblers, just should not handle the investments. It is detrimental to our recovery.

Access to the assets must be denied to the compulsive gambler, as must be the decision-making capacity. The more distance there is between the investments and the compulsive gambler, the stronger our recovery will be. Passing control to another takes the feeling of "action" out of the equation. A financial advisor



who understands the compulsive gambler's issues can assist in setting up their investments.

**What specific types of investments can I, as a Gamblers Anonymous member, be a part of?**

Gamblers Anonymous does not make recommendations on investments, but safety, security and preservation of assets are especially critical and desirable for all investments. In the purest form, there are really only 2 types of investments that do not put your money at risk, ever: money in the bank, up to insurable limits or US Savings Bonds. Both of these will continue to appreciate over time and not have any penalty to either your principal investment or the interest that is paid. However, the investment returns on these vehicles may be insufficient to provide you and your family with the necessary monies for retirement. A professional money manager can advise you in this area.

The stock market carries risk with every security that exists, irrespective of what dividends might be paid. This now becomes an issue that might best be handled by a professional money manager. Discussions with this person, where you disclose the fact that you are a compulsive gambler and cannot control your assets or decision, in addition to outlining your retirement goals should yield sufficient information to allow for adequate retirement planning. It is under the guideline of long-term investing for retirement that takes away the element of "action" and still provides a potential for successful retirement plans.

**What do I do if I inherit stock?**

For the compulsive gambler, inheritance of stock is a serious issue that should be immediately discussed through a re-evaluation by your Pressure Relief Group Committee

members. The priority for the Gamblers Anonymous member is to make certain that the proper papers are filled out to insure that the transfer of ownership of stock is done in a manner consistent with removing control from the compulsive gambler.

The dangers from sudden access to money, be it cash or stock, can be the cause of a relapse in gambling. Although there are always federal and state tax considerations with an inheritance, it may end up as the recommendation by the Pressure Group Committee to sell the stock. In any event, an attorney and an accountant should be consulted to avoid any unexpected legal or tax problems as a result of the inheritance, which can happen to you even if you don't sell the stock.

In any case, control of the asset must be given to someone else, ideally, a professional money manager who is familiar with compulsive gambling and can implement a plan to eliminate the member's access to this and any other investment asset.

**My spouse does not want to control our investment money. How should I see to it that I am maximizing my investments?**

Although it is far more convenient for a spouse to assume control of the family investments, it is sometimes not practical or desirable. Should this happen, the compulsive gambler should not view this as an act of defiance, but possibly a situation where the spouse may just not feel comfortable with this responsibility. A relative or trusted friend is another choice, but more likely, it is time to find a professional money manager. A person in this capacity has the understanding of the financial markets and may be better equipped to make decisions that will affect your long-term goals of retirement.

As a compulsive gambler, you should not be looking at what some people refer to as "high-flyers" or "risk-laden" investments, but allowing the person who will control those investments to look for a greater level of safety. By using a professional who understands that you are a compulsive gambler and cannot control your own investments or be involved in a decision-making capacity, you will not have to concentrate on maximizing your investments, or get into arguments with your spouse on this subject.

**My company offers me stock options. What should I do?**

If a member of Gamblers Anonymous is offered stocks options from their company, most times, they have no choice to accept them. Stock options are viewed by management as a bonus and part of an employee's overall compensation package. Saying that you do not wish these options, could hamper your potential for advancement within the company. It could also place you in the difficult situation of having to explain why you don't want them. This could ultimately lead to giving up your anonymity. A specific plan, whether to sell or keep them, should be set up with your financial advisor, your sponsor, spouse and Pressure Relief Group Committee.

The disposition of these options is not an easy decision. If there is a way to take a cash-payment in lieu of the stock options, then by all means do so. This should also be part of the plan set forth with all the necessary parties already mentioned. If not, there should be a way that you can have the options/stock that you receive via the stock option process handled by a company-controlled financial plan.

If your company is a private company (does not trade in the stock market), you are getting stock options that

really have no value unless the company goes public in the stock market in the future. Then you have the option, as the name suggests, to convert your options into stock. You would now own stock for which you have paid nothing. This is where the "action" component creeps in to the equation. Again, a plan whether to sell or keep them should be set up with your financial advisor, your sponsor, spouse and Pressure Relief Group Committee.

If your company is already public, then you are waist-high in playing the stock market. It will cause you to check the price of the stock or at the very least, be the subject of water-cooler chat every day. If you feel you have to participate in this program, then make sure you, as the compulsive gambler, do not have any access to these securities. Give control to your spouse, a family relative or a professional money manager. These securities must be earmarked for retirement.

**I have a 401(k) investment program at work. I am very young and my financial advisor suggested I invest in some equities (stocks) that will give me a higher return in the long run. Is that okay to do?**

If possible, seek a financial advisor who understands about compulsive gambling. In either case, be sure to let your financial advisor know up front that you are a compulsive gambler and that you cannot be involved in any decision-making regarding your investments, similar to a blind trust.

It is best to invest in safe, secure investments. As long as the focus is on retirement monies, it is to any person's advantage to plan for retirement as early as possible. Your Pressure Group Committee should approve the amount of your contribution to this retirement account. The ultimate goal of any retirement strategy is to diversify

your investments so that no single item in the portfolio can seriously impair the results of all the investments. Your financial advisor can explain this process.

**My spouse and I own IRAs and 401(k)s. What should we do?**

The spouse or non-gambler can do whatever they want. They are not compulsive gamblers. We, as Gamblers Anonymous members, can own IRAs and 401(k)s, but should have others control investment assets and the decisions on them. What your spouse's desires are on his/her accounts, are his/her concern, not yours. Your spouse should be responsible for the handling both of these accounts. If it is not desirable or practical for your spouse to handle these financial matters, then you both should select some financial professional to do so, as long as they are informed that you are a compulsive gambler, a member of Gamblers Anonymous and that making decisions on these investments must be out of your control.

The issue of annual contributions for IRAs and optional cash contributions for your 401(k) plan(s) should be discussed with your Pressure Group Committee. If there is sufficient money in your budget to make these contributions, by all means do so, as these are retirement vehicles. If there isn't enough money, you may have to get an additional job if you wish continue funding your existing retirement account(s). In either case, these are matters that should be left in someone else's hands to control the assets and decisions of your retirement accounts.

**I am an unmarried member of Gamblers Anonymous. If I own an IRA and/or a 401(k), what should I do with these accounts?**

In the Gamblers Anonymous Recovery Program, Step

2 contains a segment to "...restore us to a normal way of thinking and living." Planning for retirement is part of that normal way of thinking and living. Keep the accounts, as long as they are not self-directed retirement accounts. All Gamblers Anonymous members who own IRA's or 401(k)s should let their spouse/partner take control of them or obtain a financial planner of their choice and make it known to them that they, as a compulsive gambler, cannot control their own finances. Consult with your Pressure Group Committee for guidance as to what contributions are possible with your budget. Access to the assets, which could be liquidated for other purposes, must be restricted so that the compulsive gambler cannot utilize those funds for gambling or any other purpose other than retirement.

**I am a young, single Gamblers Anonymous member. How should I invest my excess money for my long-term goals?**

In most cases, when a member enters the Program, the term "excess money" is non-existent. After, and only after the Gamblers Anonymous member has completed the financial restitution as stated in the Pressure Relief Meeting, should they be concerned with the thought process of "excess money" for long-term goals. At that time in their recovery, a re-evaluation of the Pressure Relief Group meeting should now take place for discussion about any long-term goals pertaining to investments for the Gamblers Anonymous member.

This situation can be difficult for some members as there are only 2 choices for assigning control over your assets, a relative or a professional money manager. You should be clear that asking a relative to control your money and/or assets is not about weakness, but more about strength. Your strength in knowing that control of your own

assets can put you in a situation where you may be "...caught off guard and under the right set of circumstances..." By giving up control of this, you are not being out of control, but rather, you are allowing yourself to continue with your own recovery, unhindered with decisions about your retirement that will only distract you from your chosen path. Age really isn't the issue, as this advice applies equally to all compulsive gamblers.

**In what kind of investment should I put my excess money for my child's college education? I want to have as much money as possible in the next 12 years when he/she will need it.**

First, control of the assets must be passed on to your spouse, a relative or a professional money manager. Seeking a financial advisor's assistance will help you maximize your investments and protect them. Tax considerations and other important issues can be discussed with these professionals (financial advisors).

Many college education plans now exist for investors to accumulate over time until their children are ready for college. Mutual funds are a way to diversify your investment base and allow the fund managers to do their job of creating long-term growth for your children's educational tuition needs, without being involved in any of the decision-making. Virtually every fund has representatives that can assist your designated person in control of the investment assets, along with the appropriate programs available to help you fund your children's educational needs for the future. The amount of money set aside for this task should be reviewed with the members of your pressure group committee.

You may also be living in a state or province that offers state-sponsored college investment programs. Any child living in a state with such a plan is allowed to

participate in the state college program. These programs provide for guaranteed monies, via regular contributions, for the child's college tuition to numerous colleges in that state. A financial advisor will be best qualified to discuss such options with you.

**Who are the best people to discuss my stock market positions and/or potential stock market investments with?**

If you are not currently in the stock market, don't look to go where we, as compulsive gamblers, shouldn't be. Why test or tempt yourself, by looking to get into the stock market? Look for other avenues to place your extra money. Trading in the stock market is considered gambling. However, long-term investments, specifically for the purpose of retirement, are acceptable. It is important that all stock and excess cash be moved out of the member's control. You can do this with your spouse, a relative or a professional money manager. Being in Gamblers Anonymous and following the guidelines outlined in this question, there would be no reason to discuss your stock market positions with anyone. Control and the decision-making aspects would have already been turned over to someone else.

Should this be your ultimate path, you must first make sure that there is money available as a result of your Pressure Group Meeting. The committee will tell you what monies are available for investments in retirement programs. Those members will not give you any kind of financial advice for investments. That is not what we do in Gamblers Anonymous. In fact, no discussions should take place with any Gamblers Anonymous members, as it may put the other members' recoveries at risk, in addition to your own. A professional money manager is the most qualified to discuss potential investments and their inherent risks. But more



important is the fact that you, as the compulsive gambler, should not be having any discussions with anyone about what are the suitable investments for you. If you do use a financial advisor, you must disclose that you are a compulsive gambler and that you cannot be involved in any of the decisions.

### **The realities of the stock market, retirement accounts and Gamblers Anonymous**

The members of Gamblers Anonymous understand that it is imperative to remove any stimulus from their lives that would create the feeling of being in "action". Irrespective of what the compulsive gambler's choice for gambling was, the stock market, although ripe with promises of good returns, represents an enormous opportunity to draw the compulsive gambler back into action.

This material in this booklet is meant to assist recovering members of Gamblers Anonymous. Full disclosure of financial positions is imperative throughout one's recovery and will be a key to long-term growth in Gamblers Anonymous. This applies to everyone. Buying and/or selling in the stock market, is considered gambling for members of Gamblers Anonymous, if they are involved in any way with the decisions. Control must be given to the member's spouse, relative, or in the best of circumstances, a professional money manager, who must be completely aware of the member's gambling problem. Investing for one's retirement is critical for taking care of the member's future well-being, but also for the welfare of the family members, including education of the children.

The compulsive gambler should be kept away from actual decisions of investment types and vehicles, where there is a fluctuation in price or principal value. Details of what investments are in place should not be discussed with

the member, lest the temptation to check the financial media for day-to-day changes in price becomes a preoccupation for the member, creating or possibly increasing the feeling of being in action.

All of the safeguards suggested in this booklet, should not remove the member from discussions about the goals and requirements of retirement or future financial demands. A periodic review with the parties making the decisions for the compulsive gambler should involve the amounts and continued feasibility of adding to these investments, as derived from the Pressure Relief Group Committee, for the compliance with the retirement goals and future objectives for the family. This will also give the member a clear sense of the importance of these decisions and create a sense of accomplishment rather than a feeling of being banished from the process due to being a compulsive gambler. What may seem to be a punitive step to remove control from the member can easily be turned into a positive regarding the future benefits that will be attained because of his/her decision to do the right thing and give up control.

For those who would justify or rationalize their actions to invest in the stock market, we suggest that you speak to your sponsors or Pressure Relief Group Committee members, so that you may be able to completely stop gambling and move forward in the recovery process. We are asked to accept the fact that in order to recover from this baffling, insidious, compulsive addiction, we must make difficult decisions spiritually-based on blind faith. Letting go completely, on issues of controlling money, takes courage and faith for all of us who make the decision to join Gamblers Anonymous.